

Friday, September 18, 2009

Bill targets business credit card abuse

Congress is expected to consider a measure this fall that is intended to help small businesses with credit card protection.

The Small Business Credit Card Act of 2009 would extend the consumer protection of the Credit Cardholders Bill of Rights, passed in May, to businesses with 50 employees or fewer.

Specifically, the measure would amend the Truth in Lending Act to protect small businesses from abusive practices such as double-cycle billing, and retroactive or unannounced interest rate hikes and due date changes.

The measure also contains an opt-out provision for any business that chooses to maintain its current credit interest rates as part of an agreement with a bank or lender.

HR 3457 was introduced July 31 by U.S. Rep. Neil Abercrombie, D-Hawaii, and three other House members. There is also a Senate companion bill.

“Small-business owners are severely limited in their ability to finance new business ventures because their access to capital through their usual resources has dried up, and the lack of access continues to grow,” HR 3457 reads in part.

Because of that trend, small businesses are pushed to using credit cards to obtain capital.

The **National Small Business Association** and the **National Federation of Independent Business** report that 44 percent of small-business owners use credit cards to buy inventory and supplies, and meet other cash-flow needs.

But nearly a third of businesses surveyed recently say they have been subject to a decrease in their credit line or a credit card limit this year. One-third of small businesses using credit cards carry a monthly balance of more than \$10,000.

A spokesman for Abercrombie said the House was expected to take up HR 3457 this fall.